

Testimony of Tom Swan
Executive Director of the CT Citizen Action Group (CCAG)
Before the General Law Committee
In regards to HB 6691 AAC CASH REFUNDS FOR GIFT CARDS BALANCES
March 5, 2015

Senator Leone, Representative Baram, and other members of the Committee, my name is Tom Swan and I am the Executive Director of the Connecticut Citizen Action Group (CCAG). On behalf of CCAG member families I want to thank you for holding a hearing today on HB 6691 AAC Cash Refunds for Gift Card Balances and urge its passage. It is a reasonable compromise that should easily become law.

While gift cards offer consumers some degree of convenience, they have actually become very lucrative for retailers. Consumers usually pay the full face value for the initial cards and unlike some other states where unused balances can be claimed by the state as escheats, CT allows retailers to keep any unused balances. According to a report by the Tower Group in 2012 there was over \$2 billion in unused cards.

Marketing Land an on-line publication for retailers and other marketers had this to say about gift cards in September of 2014: "Gift cards are almost always a win for the retailer. Either a shopper will leave unused value on a card (free money!) or spend more than the card is worth during redemption (additional revenue!)."

The proposal before you today levels the playing field for consumers, especially those of limited income. It sets a reasonable \$10 threshold for refunds of unused portions on gift cards. Retailers will still have a large percentage of cards that will not be redeemed that they will profit from and people on limited income or with a limited ability to visit a particular establishment will not be losing money for spending a little less than the original value of the card.

Thank you for your time and we strongly urge passage of HB 6691.